the alaska economic information & reporting system

quarterly report

october 1979

alaska division of economic enterprise

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THE
ALASKA ECONOMIC
INFORMATION AND REPORTING SYSTEM

QUARTERLY REPORT
OCTOBER 1979

STATE OF ALASKA
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FORWARD

In this report we present and discuss our current CONTROL or "best judgement" forecast of the Alaska economy. While this is an econometric forecast in the sense that it has been made with the AEIRS quarterly econometric model, it is not solely the product of that model. Where it seemed appropriate we have judgementally adjusted the forecast to take account of recent information on the pace of economic activity, and have also fine tuned the model where preliminary testing suggested the need. This is standard practice and reflects the fact that economic model building is still an imperfect art.

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SUMMARY

New evidence now available continues to support the conclusion that Alaska's post-pipeline economic letdown has bottomed out this year, and that the State has entered a period of steady sustainable growth.

Final first calendar quarter 1979 nonagricultural employment data are now available. Compared to a year earlier, the data show a small increase of 1.5 percent in the number of jobs filled statewide.

On a regional basis the first quarter performance was mixed, with Anchorage showing a 0.8 percent year-to-year **increase**, Fairbanks a 0.4 percent **decrease**, and the rest of the State a net 4.4 percent increase.

The present AEIRS statewide forecast continues to show a slight 0.5 percent year-to-year employment increase for 1979 as a whole, despite an estimated 991 fewer jobs filled in the third quarter than in the third quarter of 1978. The relatively weak summer employment peak estimated to have occurred this year is premised on an observed slowdown (relative to previous summers) in private construction activity and in oil drilling operations.

Looking ahead, the combination of declining interest rates, a more stimulative State government budget, increased drilling operations on the North Slope, and generally improved investment opportunities, is projected to move the economy ahead at an increasing rate in future years, with annual average nonagricultural employment gains of 2.8 percent and 4.1 percent now forecasted for 1980 and 1981, respectively. The projected 1980 rate of employment growth is lower than the 3.8 percent rate published in the July **Quarterly Report** for two principal reasons: (i) the recognition of probable seasonal drilling restrictions in the Beaufort Sea and (ii) reduced growth in federal government employment relative to previous estimates.

Anchorage consumer price inflation may have finally begun to abate. During the second three months of 1979, the Anchorage All Urban Consumer Price Index (CPIU) rose at an 8.5 percent annual rate, down from the 9.8 percent rate of the first three months and significantly below the 13.4 percent annual rate posted at the national level over the same period.

Despite the encouraging second quarter Anchorage inflation performance, the current AEIRS forecast calls for the Anchorage CPIU to continue to increase at about a nine percent rate for the next two years. In our opinion, only a major national recession or the imposition of mandatory wage-price controls stand much of a chance of changing this outlook.

National monetary policy has tightened since Paul Volcker took over as Chairman of the Board of Governors of the Federal Reserve System, with the latest move an increase to 12 percent in the discount rate. As a result, short term interest rates have approached or surpassed previous record highs. Despite this fact, there seems little likelihood that interest rates will stay at present levels beyond the first quarter of next year, unless the current

THE ALASKA ECONOMY
PERFORMANCE SUMMARY
1976 to 1981

	History			Forecast		
	1976	**1977**	**1978**	**1979**	**1980**	**1981**
Nonagricultural Employment	173,499	166,066	163,344	164,107	168,777	175,720
Percent Change	+6.5	-4.3	-1.6	+0.5	+2.8	+4.1
Resident Personal Income 1/	4.187	4.275	4.370	4.758	5.524	6.373
Percent Change	+18.9	+2.1	+2.2	+8.9	16.1	15.4
Anchorage CPI (1967=1.000) 3/	1.641	1.751	1.875	2.065	2.253	2.457
Percent Change	+6.5	+6.7	+7.1	10.1	9.1	9.1
Bank Deposits 2/	1472.2	1607.0	1749.1	1844.5	2102.4	2333.4
Percent Change	+12.9	+9.2	+8.8	+5.5	+14.0	+11.0
Savings and Loan Deposits 2/	173.5	206.0	216.3	221.8	238.3	260.8
Percent Change	+22.0	+18.7	+5.0	+2.5	+7.4	+9.4

1/ Billions of dollars.

2/ Millions of dollars. Average of January, April, July, and October end of month deposits for S&L's; average of March, June, September, and December end of month deposits for banks.

3/ Index for all urban workers.

Note: Nonagricultural employment in 1976 and 1977 exceeds present official Department of Labor estimates by the amount of an anticipated upward revision in local government employment.

national recession turns out to be milder than is now generally expected. If real GNP declines in the last half of 1979 and on into the first quarter of 1980, enough downward pressure should be placed on credit demand and on inflation, to directly lower interest rates, and also to induce the Federal Reserve to refrain from tightening credit any further.

Data Resources, Incorporated, one of the leading national forecasting teams, projects a decline from fourth quarter 1979 peaks of nearly 100 basis points (one percentage point) in the 90-day U.S. Treasury Bill rate by next summer, and roughly a 30 basis point decline in longer term interest rates over the same period. These projections are consistent with a moderate (U.S.) recession scenario.

Alaska bank and savings and loan deposits continue to increase at year-to-year rates below that of the Anchorage CPIU. On June 30, 1979, combined demand and time deposits at Alaska's commercial and mutual savings banks were up only 2.3 percent from a year earlier, while savings and loan association deposits were up only 3.6 percent. Over the same period the Anchorage CPIU rose 10.5 percent. Such a performance is to be expected during an economic slowdown, but is not expected to continue, now that the Alaska economy appears to have bottomed out. Premised on renewed growth in jobs and real income across the State, the present AEIRS projection is for deposit growth on the order of 11 to 14 percent annually at Alaska's banks, and on the order of 7 to 10 percent at the State's five savings and loan associations.

RECENT FEDERAL RESERVE ACTIONS

On October 6 the Board of Governors of the Federal Reserve System raised its discount rate to twelve percent and imposed higher reserve requirements on member banks. These moves were intended to restrict bank credit and thereby to slow the pace of the national economy. The ultimate goal is a reduction in the pace of inflation.

To the extent the policy is successful in slowing inflation, it will eventually lead to a reduction in interest rates from present levels. In the short run, however, interest rates will be pushed higher than previously expected, and credit will be tighter.

Because the present AEIRS forecast assumes no action on any potential major development projects before 1982, the Federal Reserve's recent moves have little effect on this forecast. This does not mean they will have no effect on Alaska. Higher interest rates and the gloom that could accompany an ensuing national recession may make it even more difficult to obtain financing in a timely manner for projects such as ALPETCO and the Northwest gasline.

If major Alaska projects are viewed as sound, they will ultimately be financed. The Federal Reserve actions of October 6 could, however, provide a further element of delay.

FAIRBANKS

The fact that the Fairbanks economy appears to have bottomed out this year is undoubtedly of little consolation to those who have become unemployed or underemployed since the mid-1977 completion of the TAPS line.

Present AEIRS estimates show that Fairbanks area employment will drop 6.2 percent in 1979 and come only partly back to the 1978 level in 1980 and 1981, with job gains for the two years of only 1.1 and 2.8 percent, respectively.

Fairbanks' longer term potential lies in tourism and mining. Substantial short run economic gains will not occur until the Northwest gas pipeline project gets underway.

II. CONTROL FORECAST

Final first quarter 1979 nonagricultural employment data show a 1.5 percent increase over the level posted in the first quarter of 1978. This increase was achieved in the face of a 2,765 job loss in construction and a 978 job loss in manufacturing. The big gainers were retail trade, up 1,241 jobs, services up 1,753 jobs, and local government, up 2,300 jobs. Given the "support" nature of the industries which showed year-to-year increases in 1979:1, it is probable that the construction slowdown experienced this year had not fully impacted the trade and service sectors in the first quarter.

The present AEIRS employment forecast is similar to that released in July. A slight year-to-year employment increase is estimated to have occurred in the second quarter of this year (0.6 percent), followed by a small year-to-year decline in the third quarter (-0.6 percent). On the whole, statewide nonagricultural employment is expected to show a gain of 0.5 percent on an annual average basis in 1979, followed by stronger gains of 2.8 percent and 4.1 percent in 1980 and 1981.

Details of the forecast are discussed in the following paragraphs.

EVIDENCE ON 1979

Despite the encouraging employment performance of the first quarter, 1979 is likely to go down as, at best, the year the Alaska economy conclusively ended its post-pipeline period of letdown. Consider the evidence.

> *In real (inflation adjusted) terms the dollar value of construction permits authorized in Anchorage, the North Star Borough, and Juneau was down 18.7 percent through the first six months of 1979 compared to a year earlier. The associated decline in construction employment can be expected to have had a negative multiplier effect on the rest of the economy.*
>
> *Adjusted for inflation, combined time and demand deposits at Alaska's commercial and mutual savings banks were down 7.5 percent on June 30, 1979, from the same date a year earlier. Inflation adjusted savings and loan deposits were down 6.5 percent from a year earlier on that date.*
>
> *The Alaska Department of Health and Social Services reports that, through July, caseload for the Aid to Families with Dependent Children program (AFDC), was up 16.2 percent over the same period a year earlier, a figure nearly ten percentage points greater than the caseload increase posted for programs not so closely related to business cycle changes. (Old age assistance caseload was up 6.5 percent and Aid to the Disabled caseload up 7.7 percent through July.)*
>
> *For the eight months ending August 31, 1979, personal and business filings for bankruptcy were up over the same period of 1978 by 57.8 percent in Anchorage, and by 120.0 percent in Fairbanks. (Source: U.S. District Bankruptcy Court, Anchorage)*

Not all of the economic news in 1979 has been bad. The commercial salmon catch hit 87 million fish, up nearly nine percent from 1978. Preliminary catch data show that fishermen landed 0.8 million King salmon, 2.9 million Cohos, 5.7 million Chum salmon, 28.4 million Sockeyes and 49.0 million Pinks. Processors around the State were pushed to capacity during the peaks of the runs.

The number of tourists visiting Alaska appears to have increased by almost eight percent so far in 1979, despite rising gasoline prices and uncertain gasoline supplies.

Finally, State oil revenue projections have increased noticeably as a result of the latest round of OPEC price increases. If the Federal government does not take steps to lower the after tax wellhead price of Alaskan oil, the State should be in a position to both insure its financial future and to launch an effective economic development program.

The conclusion drawn here is that 1979 will show small gains in income and employment when the final data are in, but more importantly, will be seen as the year Alaska entered a period of long-term sustainable economic growth.

EMPLOYMENT IN 1980, 1981

The Alaska economy's 1980, 1981 performance depends heavily upon the start-up dates for a number of large projects, and, in some cases, upon whether they get started at all. The projects in question are the Alpetco refinery in Valdez, the Pacific Alaska LNG plant in Nikiski (which now has the go ahead from the Federal Energy Regulatory Commission), the Northwest gas pipeline project, and the newly proposed multi-faceted German development project suggested for Point McKenzie. The present forecast assumes no activity of any significant magnitude on any of these projects until 1982. The forecast does assume that a D-2 settlement will be reached in this Congress and that a successful Beaufort Sea oil lease will be held in December or January.

Support is building for the repeal of the Alaska State individual income tax. The control forecast assumes no repeal. However a special simulation of the effects of income tax repeal has been done. The results are presented and discussed in Section IV, below.

The principal thrust driving the present forecast the next two years comes from increased oil and hard rock exploration, increased tourism, increased State spending and lending, and small but positive real gains in private construction activity. In addition, fish and shellfish catches are assumed to stay at or near 1979 levels, while the timber harvest is projected to decline slightly in 1980 and 1981.

Given these assumptions the 1980 and 1981 forecasted employment growth rates of 2.8 percent and 4.1 percent breakdown into the following two-year annual average growth rates by industry: mining 22 percent; construction 8.1 percent; manufacturing 1.9 percent; transportation, communications, and public utilities, 3.0 percent; trade 2.6 percent; finance, insurance and real estate, 3.8 percent; services 1.5 percent; and government 2.0 percent.

A more detailed status report and forecast for the support sector industries is offered below in Section III.

INFLATION OUTLOOK

Consumer price inflation has finally shown signs of slowing. The Anchorage All Urban Consumer Price Index (CPIU) rose at an 8.5 percent annual rate in the second quarter of 1979, down encouragingly from the 9.8 percent rate of the first quarter, and significantly below the second quarter rate of 13.4 percent posted at the national level.

While the second quarter Anchorage inflation performance is good news, one should not get too excited about what could still prove to be a one quarter downward blip in the rate of growth of the index.

The present AEIRS inflation forecast anticipates further price buffeting from this year's OPEC oil price increases. At an annual average, the Anchorage CPIU is forecasted to show an overall 10.1 percent increase this year, followed by gains of 9.1 percent in 1980 and 1981. In our opinion, only a major national recession or the imposition of mandatory wage-price controls stands much of a chance of markedly altering this outlook, even given the recent "accord" between organized labor and the White House (which included membership of a labor representative on the President's Pay Advisory Committee).

A better understanding of the present AEIRS inflation forecast can be gained by separating inflation into two components: (1) a **core** rate of inflation determined by money supply changes and wholesale price increases which have previously occurred, and also by relatively firmly held price expectations, themselves partly determined by previous money supply changes and price increases; and (2) a **shock** component induced by generally unanticipated events such as the Iranian revolution and the resultant additional increases in OPEC oil prices.

Analysis of the 1970-1978 national inflation experience indicates a present U.S. core inflation rate for the next two years of between 7.0 and 8.5 percent.[1] If the Anchorage inflation rate returns to pre-pipeline form, on average it should increase annually only 98.4 percent as fast as the national average consumer price index, suggesting an Anchorage core inflation rate of between 6.9 and 8.4 percent.

The AEIRS Anchorage inflation forecast of 9.1 percent for the next two years lies above the estimated Anchorage core inflation rate both because (1) this year's OPEC shock has not yet worked its way through the national price structure, and (2) the response of Alaska consumer prices to recent energy price increases is expected to be delayed because of slack in the State's transportation industry (water and land) and an overly large inventory of housing and commercial space.

1/ Based on the 1970-1978 statistical relationships between the percent change in the CPI and the percent change in (a) the money supply; (b) the U.S. wholesale price index and; (c) an index of inflation expectations.

The text table compares the presently forecasted 1979, 1980 and 1981 year-to-year rates of consumer price inflation for Anchorage to the rate of increase experienced during the most recent twelve month period.

ANCHORAGE CONSUMER PRICE INFLATION*
(Percent)

	July 1978 to July 1979	1979	1980	1981
Apparel and Upkeep	-0.3	0.6	5.0	5.6
Food and Beverages	10.9	10.3	8.4	8.6
Entertainment	2.2	2.4	5.6	6.2
Housing	11.6	10.7	8.2	9.1
Transportation	10.0	11.3	13.7	11.6
Medical Care	9.0	10.4	10.3	10.4
Other Goods and Services	6.6	6.9	6.2	6.1
All Items	10.0	10.1	9.1	9.1

*As measured by the percent change in the Anchorage Consumer Price Index for all urban workers.

Consumer price indexes for Fairbanks are now being published bi-monthly by the U.S. Bureau of Labor Statistics. To date, insufficient data are available for detailed analysis. One can, however, expect similar rates of inflation in Anchorage and Fairbanks.

Since it was first published in February the Fairbanks All Urban Consumer price index has risen 5.5 percent (February through August), that is, at an annual rate of 11.3 percent. A slowdown in inflation is evident in Fairbanks also. Over the most recent two month period for which data are available, the index increased at a 9.1 percent annual rate, down 5.5 percentage points from the 14.6 percent annual rate of increase recorded between April and June.

INTEREST RATES

On October 6 the Federal Reserve Board raised the discount rate to 12.0 percent and increased reserve requirements on deposits. This action presages a period of continued high interest rates followed by a somewhat more severe U.S. recession than had previously been anticipated.

Interest rates rise when both borrowers and lenders anticipate higher inflation. When at the same time the Federal Reserve moves to tighten the money supply, interest rates rise still

further. The double digit national inflation rate seen this past year has brought both factors into play with the result that interest rates across the spectrum have reached or exceeded previous record highs.

Open market interest rates will stay at or near present levels until inflation slows noticeably at the national level. This slowing, in turn, will come only when one of two things happens: (1) the present (apparent) national recession worsens to the point where cyclical lows in productive capacity utilization are reached; or (2) the President and Congress impose mandatory wage-price controls.

Data Resources, Incorporated, one of the nation's leading forecasting teams, expects the national economy to slow sufficiently by next summer to lower short term interest rates by nearly 100 basis points (one percentage point) and long term interest rates by about 30 basis points from fourth quarter peaks. Their forecast for selected interest rates is given in the text table along with the AEIRS forecast of the Seattle conventional mortgage rate. (A proxy for Alaska mortgage rates.)

SELECTED INTEREST RATES
(Percent)

	Calendar Quarters								
	History					Forecast			
	78:2	**78:3**	**78:4**	**79:1**	**79:2**	**79:3**	**79:4**	**80:1**	**80:2**
90-day U.S. Treasury Bills	6.48	7.31	8.57	9.38	9.38	9.71	10.48	9.78	8.97
90-day Euro-dollar Rate	7.86	8.70	11.09	10.87	10.63	11.59	12.32	11.35	10.21
Moody's AAA Corporates	8.67	8.75	9.03	9.29	9.39	9.29	9.51	9.45	9.41
State & Local AAA General Obligations	5.57	5.63	5.68	5.81	5.72	5.78	5.97	5.89	5.74
Conventional Mortgage Rate, Seattle	9.66	9.96	10.15	10.57	10.67	11.04	11.32	10.84	10.63

ACKNOWLEDGEMENT: Forecasts of all but the Seattle Mortgage rate were obtained from Data Resources, Incorporated's September 26, 1979 Control Forecast of the U.S. Economy.

ALASKA FINANCIAL FLOWS

A national economic slowdown need not imply financial problems for Alaska. Reduced inflation and lower interest rates should help to stimulate next year's Alaska economy. Given real income and employment growth for the State of Alaska of from two to four percent, bank deposits and savings and loan deposits should show year-to-year percentage increases greater than the rate of inflation by late 1980.

The present AEIRS Control Forecast projects deposit growth of 14.0 percent in 1980 and 11.0 percent in 1981 at Alaska's commercial and mutual savings banks. At the five Alaska savings and loan associations, slightly slower annual deposit growth of 7.4 percent in 1980 and 9.5 percent in 1981 is expected. The forecasted rates of deposit growth are lower at the S&L's than at the banks because the S&L's depend relatively heavily on personal deposits and on deposits from the slower growing regions of the State.

One important feature of the Alaska financial outlook is the absence of a bank liquidity crisis in 1980. Nationally, the Volcker Fed will probably be successful in limiting the availability of bank credit. In Alaska, renewed economic growth backed up by possible infusions of State deposits should keep the system on its feet.

III. A CLOSER LOOK AT ALASKA'S SUPPORT SECTOR

For purposes of this section of the **REPORT**, the support sector of the Alaska economy will be defined to include the following industries: trade, services, transportation, communications, public utilities, finance, insurance, and real estate.

HISTORICAL GROWTH

Since 1960, the annual average rate of growth of nonagricultural wage and salary employment in Alaska's support industries has consistently surpassed the corresponding rate of employment growth for the Alaska economy as a whole. Table III-1 illustrates this point.

TABLE III-1
EMPLOYMENT GROWTH
ANNUAL AVERAGE RATES
SELECTED ALASKA INDUSTRIES
(Percent)

	1960 to 1963	1964 to 1969	1969 to 1973	1973 to 1978
Wholesale Trade	3.6	11.4	3.9	11.7
Retail Trade	3.6	9.1	7.8	8.6
Services	4.4	8.8	9.7	12.5
Transportation	-3.6	6.9	1.7	9.3
Communications	11.3	-0.7	11.0	7.1
Public Utilities	12.0	5.6	14.7	5.0
Finance, Ins., Real Estate	8.1	6.1	12.4	14.2
Total Support	3.3	7.9	7.6	11.0
Total Nonagricultural	1.1	5.8	6.1	8.0

Source: Compiled from data in **Statistical Quarterly**, (Alaska Department of Labor).

Note: Prior to 1964, only jobs covered by unemployment insurance were included in the reported data. Thus, the pre-1964 period is not strictly comparable with the period beginning in 1964.

For each of the four time periods shown in that table (on the whole, the years 1960 to 1978) the annual average rate of employment growth in the Alaska support sector exceeded that of the entire Alaska economy by a minimum of 1.5 percentage points per time period.

As economies develop, both support sector expansion and support sector deepening takes place. The latter concept, support sector deepening, refers to the process whereby new goods and services are provided, and whereby per capita increases occur in the availability of goods and services already provided. The Alaska support sector deepened between 1960 and 1978, not only because Alaska was (and remains) relatively undeveloped and was catching up with the rest of the country, but also because the American lifestyle, in general,

was becoming more demanding of new and more specialized goods and services. For the foreseeable future, this pattern of development should continue except for brief periods when the government sector picks up economic slack or when the construction industry is on the rebound from a cyclical low and showing large year-to-year percentage gains.

Examples of support sector deepening which has occurred or which is likely to occur in Alaska include (i) the replacement of certain mail order outlets with full service stores; (ii) establishment of Alaska offices where previously the State has been served from the Lower 48; (iii) the opening of specialized retail outlets such as "McDonald's" and "Burger King"; (iv) the establishment of other specialized retail and service sector operations, tobacco stores, hobby shops, salons); (v) a per capita increase in the availability of professional services, such as those of doctors, lawyers, accountants, economists, and engineers; and (vi) increased availability of public services per capita such as police, fire and transportation.

Support sector deepening explains the largest part of the extra growth in the support industries shown in Table III-1.

CHANGING SEASONALITY

Every year the Alaska economy becomes less subject to seasonal dips and increases. Increased cold weather construction activity, the beginnings of winter tourism, the advent of year-round manufacturing such as the ammonia-urea operations on the Kenai Peninsula, and the increased importance of government spending, have all played a part in reducing the economy's seasonality.

TABLE III-2
STATE OF ALASKA
INDEX OF EMPLOYMENT SEASONALITY, SELECTED INDUSTRIES*

	1960	1970	1978
Trade	.826	.869	.899
Services	.770	.937	.874
Transportation	.784	.854	.871
Communications	.876	.899	.939
Public Utilities	.835	.885	.847
Finance, Ins., Real Estate	.888	.793	1.012
Total Support	.810	.881	.898

* Ratio of January, February and March nonagricultural employment to July, August and September nonagricultural employment.

Source: Compiled from data published by the Alaska Department of Labor in the **Statistical Quarterly**.

Table III-2 presents one measure of declining seasonality in the support sector. That measure is the ratio of first calendar quarter employment to third calendar quarter employment for the years 1960, 1970, and 1978.

Between 1960 and 1970, all but finance, insurance and real estate of the selected support sector industries showed an increase in first quarter employment relative to third quarter employment. Since 1970, only services and public utilities have failed to record a point-to-point decline in seasonality, as measured by this index.

Over the entire 1960 to 1978 period, all six support sector industries showed a decline in seasonality. In 1960, first quarter employment was only 81 percent of third quarter employment for the sector as a whole. In 1978, it was nearly 90 percent.

Given the planned development of a winter bottomfish industry, the growth of winter tourism, and possible innovations in winter construction techniques and scheduling, Alaska's workforce can look forward to a further smoothing of annual employment across the year in the decades to come.

STATUS AS OF 1977, 1978

After relating 18 years of support sector expansion, deepening and reductions in seasonality, it seems appropriate to draw as clear a picture as possible of where Alaska's support industries are today. Data from the 1977 **Census of Wholesale and Retail Trade**, and from the Census Bureau's **1977 Alaska County Business Patterns** help to do just that by providing the best available estimates (if not the only estimates) of wholesale and retail sales and of the distribution of support sector establishments by employee size class.[1]

According to the 1977 Industry Census, there were in Alaska 649 establishments engaged in wholesale trade, with 1977 sales of $1.563 billion, and 3,781 retail establishments with 1977 sales of $1.831 billion.

Wholesale sales were paced by sales of (1) petroleum and petroleum products, $532 million or 34.1 percent of total sales; (2) groceries and related products, $270 million or 17.3 percent of the total; and (3) machinery equipment and supplies, $262 million or 16.8 percent of the total.

Among retailers the leading sellers were (1) grocery stores, $410 million or 22.4 percent of total retail sales; (2) eating and drinking places, $254 million or 13.9 percent of the total; (3) automotive dealers, $241 million or 13.2 percent of the total; and (4) general merchandise stores with $227 million in annual sales or 12.4 percent of the total.

1/ As of this writing, the 1977 **Census of Selected Service Industries** had not yet been published.

Table III-3 summarizes these data and also shows the 1978 industry employment levels, the 1978 percent of establishments with fewer than ten employees, and the 1977 percent of total payrolls accounted for by establishments with fewer than ten employees.

TABLE III-3
SELECTED CHARACTERISTICS
ALASKA'S SUPPORT SECTOR

	1977 Sales (Millions)	A[1]	B[1]	1978 Total Employment
Wholesale Trade	$1562.7	75.7	28.9	5,721
Retail Trade	$1830.7	75.2	25.1	23,127
Personal Services	———	88.8	44.8	1,164
Business Services	———	79.1	22.9	5,164
Health Services	———	84.1	24.4	5,502
Other Services	———	81.0	31.0	15,756
Finance, Insurance and Real Estate	———	77.3	D	8,228
Transportation	———	67.0	D	10,922
Communications	———	45.0	2.9	4,052
Public Utilities	———	59.6	D	1,406

1/ Column A is "percent of firms with fewer than ten employees." Column B is "percent of payrolls from firms with fewer than ten employees."

D - Data withheld to prevent disclosure of individual firm operations.

Source: U.S. Bureau of Census and Alaska Department of Labor.

If a small firm is defined to be one with fewer than ten employees, then small firms predominant in number but, typically, account for less than 30 percent of industry payrolls.

OUTLOOK THROUGH 1981

For the next two years, the Alaska support sector is forecasted to be in the unusual position of exhibiting employment growth rates below that of the economy as a whole. While the support sector is indeed projected to show positive employment growth, the 2.2 percent and 3.3 percent rates forecasted for 1980 and 1981 are less than the 2.8 percent and 4.1 percent rates expected for the overall Alaska economy in those years.

There are three reasons for the **relatively** slow support sector growth anticipated over the next two years: (i) a moderate rebound in construction coming on the heels of a depressingly poor 1979 will numerically push up the overall average rate of employment growth relative to that of the support sector; (ii) strong gains in mining activity premised on a D-2 settlement and a successful Beaufort Sea oil lease will do the same; and (iii) weak to negative real (inflation adjusted) income growth in 1978 and 1979 has temporarily dampened profit expectations in the support industries and has led investors to proceed with greater caution than before.

If the projected 1980-1981 spurt in mining and construction activity proceeds on schedule, 1982, 1983 and 1984 should see substantial gains throughout the State's economy.

TABLE III-4
FORECASTED PERCENT CHANGE
NONAGRICULTURAL EMPLOYMENT
SELECTED INDUSTRIES

Percent Change Over Previous Year

	1977	1978	1979	1980	1981
Trade	3.2	1.4	1.3	3.0	4.3
Services	-0.7	0.6	0.7	0.9	2.0
Transportation	-2.9	3.3	-1.9	4.1	3.7
Communications	6.4	9.3	5.6	-0.5	1.9
Public Utilities	6.9	9.5	3.5	2.3	2.3
Finance, Ins., Real Estate	9.5	5.8	-2.3	2.9	4.7
Total Support Sector	1.6	2.3	0.5	2.2	3.3
Total Nonagricultural Employment	-4.3	-1.6	0.4	2.8	4.1

IV. STATE INCOME TAX REPEAL

The question of whether or not to repeal the Alaska individual income tax will be before the State Legislature in 1980. In this section an estimate is provided of the number of jobs which would be generated by income tax repeal if there were no offsetting reduction in State government spending, or offsetting increases in other State taxes and user charges.

The Alaska State income tax is deducted from federal adjusted gross income by those who itemize on their federal return. Therefore, only a portion of the proposed Alaska tax cut would go to taxpayers. The remainder would go to the federal government as a result of reduced itemized deductions on federal income tax returns. AEIRS estimates that, on average, taxpayers would receive 75 percent of the direct benefit of State income tax repeal, and the federal government would received 25 percent. (A pure income increase such as the Governor's proposed "Energy Credit" would have essentially the same effect if it were used strictly as a dollar-for-dollar offset to State income taxes. The federal government would tax the payments to taxpayers at a rate only slightly in excess of that which would apply in the tax repeal case.)

Simulation results presented in this section do not, in and of themselves, imply that the income tax should be repealed. There are numerous considerations both pro and con which also need to be weighed in reaching a conclusion. Here we simply quantify one such consideration, namely the number of new jobs that might be created as a result of repeal.

The AEIRS econometric model was used to project the eleven quarter job creation impact of income tax repeal, where the legislation to repeal is assumed to be passed at the end of the 1980 legislative session and is assumed to be retroactively effective to April 1, 1980. The accompanying table presents the principal results.

The AEIRS model estimates that, by the end of 1982, State income tax repeal would generate 1,415 additional jobs in Alaska. It is highly probable that the bulk of these jobs would be in trade, services and transportation.

EFFECT OF STATE INCOME TAX REPEAL
(Dollar Amounts in Millions)

	Tax Cut[1]	Effective Tax Cut[2]	Disposable Income Increase	Cumulative Job Gain	Income Multiplier[3]
1980:2	$24.6	$18.4	$19.4	81	1.057
1980:3	53.2	39.9	43.9	328	1.099
1980:4	57.7	43.3	49.6	461	1.145
1981:1	37.8	28.4	33.8	611	1.189
1981:2	25.3	19.0	23.8	911	1.250
1981:3	68.7	51.5	66.7	1,105	1.295
1981:4	74.6	56.0	73.8	1,175	1.317
1982:1	50.5	37.9	50.4	1,205	1.330
1982:2	38.2	28.6	38.5	1,370	1.347
1982:3	86.4	64.8	87.4	1,396	1.349
1982:4	92.7	69.5	94.5	1,415	1.359

1/ Source: Alaska Department of Revenue.

2/ The effective tax cut equals 75 percent of total tax cut, given an assumed 25 percent effective marginal federal tax rate.

3/ Disposable income increase divided by the effective tax cut.

Notes: A. An alternative income distribution scheme which sent payments to taxpayers to precisely offset their Alaska State income taxes would have essentially the same job creation effects as those shown above.

B. No attempt has been made to estimate the effect of tax repeal on stimulating "large" new investments.

V. FAIRBANKS OUTLOOK

The Fairbanks area consists of the Fairbanks and Southeast Fairbanks census divisions.

In 1979 the Fairbanks area is estimated by AEIRS to have experienced a 6.2 percent year-to-year decline in nonagricultural employment. This is the single largest percentage decline estimated to have occurred in the State this year.

Final fallout from the completion of the oil pipeline, coupled with a share of the statewide slowdown in construction activity, account for Fairbanks' problems this year. The 120.0 percent increase in bankruptcy filings recorded in 1979 over the level of 1978 probably reflects last year's determination of many in the area to "stick it out" rather than close doors.

In general, things will get better in Fairbanks. The real questions are "when" and "by how much"? The 1.1 percent rate of employment growth projected for 1980 and the 2.8 percent rate projected for 1981 are premised on relatively modest assumptions. In particular, government expenditure is assumed to remain constant in real terms, and the number of tourists and vacationers in the area is assumed to rise by no more than three percent per year.

Declining mortgage interest rates and some increases in public construction should prevent a further deepening of the Fairbanks construction letdown in 1980. By 1981, a general aura of anticipation over startup of the gas pipeline project should give the area an added boost.

In the long term, Fairbanks's economic growth potential lies in tourism and mining. If a D-2 settlement is reached that allows access to Brooks Range mineralizations, and if ore prices remain high relative to other prices, Fairbanks' traditional role as service center and jumping off point to the Interior could be significantly expanded.

Details of the current AEIRS forecast are given in the text table. A point which should be noted is the discrepancy between the 17.8 percent 1979 CPS unemployment rate shown there and the much lower preliminary official CPS unemployment rates which have been published by the Alaska Department of Labor (DOL). The DOL estimates show a 4.4 percent year-to-year increase through July in the number of employed persons in the area, despite an estimated (by DOL) 6.8 percent year-to-year decrease in the number of nonagricultural wage and salary jobs. We believe the official 1979 Fairbanks area unemployment rates will be revised upward early next year.

A discussion of the Fairbanks inflation outlook is given above on page 8.

STATE OF ALASKA
FAIRBANKS AND SOUTHEAST FAIRBANKS CENSUS DIVISIONS

Forecasts of Economic Activity and Population to 1981

	1976	1977	1978	1979	1980	1981
Total Nonag. Employment	30,205	25,289	22,487	21,082	21,309	21,909
Federal Government	2,810	2,612	2,692	2,699	2,699	2,699
State & Local Gov.	4,896	4,780	5,096	5,100	5,100	5,100
Contract Construction	7,277	4,366	1,975	1,620	1,757	1,920
Trans., Communications and Public Utilities	3,500	2,945	2,789	2,412	2,430	2,502
Trade	4,752	4,427	4,159	3,930	3,941	4,162
Finance, Insurance, and Real Estate	1,017	962	1,019	925	932	952
Services	5,422	4,848	4,096	3,797	3,846	3,932
All Other	532	347	663	599	604	642
Payroll ($'000)	839,573	593,920	483,499	493,859	555,591	618,373
Personal Income ($'000)	840,282	687,103	554,374	566,138	634,641	704,451
Labor Force	28,847	24,398	23,452	21,023	21,549	22,195
Unemployment Rate (%)	7.2	13.1	17.8	17.8	17.9	17.8
Mid-Year Civilian Population	73,611	66,400	59,190	55,104	55,500	56,211

Forecast period is 1979 to 1981 except for personal income for which historical data are available only through 1977.

APPENDIX

Historical employment and income data published in the following tables have been revised in accordance with revisions released by the Alaska Department of Labor, and by the U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE I
STATE OF ALASKA
POPULATION, LABOR FORCE, & EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1976:1	1976:2	1976:3	1976:4	ANNUAL AVG. 1976	1977:1	1977:2	1977:3	1977:4	ANNUAL AVG. 1977
POPULATION (TRENDED)	394.0	400.0	408.3	409.5	402.9	410.7	411.8	413.0	410.5	411.5
LABOR FORCE (CPS BASIS)	154.2	171.7	181.9	164.3	168.0	164.0	180.2	181.7	174.0	175.0
EMPLOYMENT (CPS BASIS)	138.6	157.2	169.7	150.6	154.0	146.9	164.1	168.4	156.6	159.0
UNEMPLOYMENT (CPS BASIS)	15.6	14.5	12.2	13.7	14.0	17.1	16.1	13.4	17.4	16.0
UNEMPLOYMENT RATE (PERCENT, CPS BASIS)	10.1	8.4	6.7	8.3	8.4	10.4	8.9	7.4	10.0	9.2
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT										
MINING	3,651	3,744	4,300	4,163	3,965	4,717	5,079	5,231	4,807	4,959
CONTRACT CONSTRUCTION	23,156	32,760	38,454	26,562	30,233	18,953	22,583	21,310	15,336	19,546
MANUFACTURING	7,402	10,500	14,027	9,400	10,331	8,035	11,487	14,579	9,480	10,895
LOGGING & SAWMILLS	1,107	2,106	2,451	2,117	1,945	1,643	2,575	2,444	1,663	2,081
PAPER & PULP PRODUCTS	1,199	1,188	1,280	1,126	1,198	1,176	1,427	1,238	1,150	1,248
MISC FOOD & KINDRED PRODUCTS	2,927	4,667	7,521	3,752	4,717	2,972	4,974	8,133	4,154	5,058
OTHER MANUFACTURING	2,169	2,539	2,770	2,405	2,471	2,244	2,511	2,764	2,513	2,508
TRANS, COMM, & PUBLIC UTILS	15,164	15,846	16,840	14,967	15,704	14,280	14,706	16,354	16,934	15,569
TRUCKING	3,010	3,004	3,217	3,034	3,066	2,583	2,441	2,630	2,118	2,443
WATER TRANSPORTATION	1,136	1,358	1,535	1,293	1,331	1,030	1,180	1,832	1,254	1,324
AIR TRANSPORTATION	4,402	4,847	5,009	4,314	4,643	4,079	4,449	4,597	4,365	4,373
OTHER TRANSPORTATION	2,131	1,722	1,879	1,700	1,858	1,822	2,005	2,043	3,881	2,438
COMMUNICATIONS	3,392	3,722	3,612	3,210	3,434	3,536	3,381	3,953	3,958	3,707
PUBLIC UTILITIES	1,093	1,193	1,269	1,249	1,201	1,230	1,250	1,299	1,358	1,284
WHOLESALE TRADE	6,067	6,248	6,239	5,837	6,098	5,671	5,982	6,177	5,771	5,900
RETAIL TRADE	19,961	22,224	22,923	20,755	21,466	20,601	22,698	23,470	23,442	22,553
FINANCE, INSURANCE, & REAL EST.	6,490	6,970	7,758	7,191	7,102	7,281	7,601	7,948	8,267	7,774
SERVICES	26,436	28,556	29,797	26,742	27,633	26,740	28,185	28,317	26,520	27,441
GOVERNMENT	48,718	50,764	49,644	49,554	49,670	50,100	50,937	49,927	51,993	50,739
FEDERAL	17,718	17,929	19,371	17,758	17,944	17,390	17,701	18,128	17,717	17,734
STATE	13,169	14,354	15,215	13,754	14,123	13,462	13,989	13,933	14,056	13,860
LOCAL	17,831	18,481	16,058	18,042	17,603	19,248	19,247	17,866	20,220	19,145
MISCELLANEOUS EMPLOYMENT	1,096	1,310	2,056	728	1,297	700	706	864	494	691
TOTAL	158,141	178,922	191,033	165,899	173,499	157,078	169,964	174,177	163,044	166,066

FORECAST PERIODS ARE: POPULATION (78:4 TO 81:4)
LABOR FORCE (79:1 TO 81:4)
NONAG EMPLOYMENT (79:2 TO 81:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4, 1979:1 IS ESTIMATED.

TABLE I
STATE OF ALASKA
POPULATION, LABOR FORCE, & EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
POPULATION (TRENDED)	408.0	405.5	403.0	405.4	405.5	406.6	408.0	409.4	411.8	409.0
LABOR FORCE (CPS BASIS)	170.4	194.1	190.3	175.2	180.0	172.3	182.1	188.3	182.0	181.2
EMPLOYMENT (CPS BASIS)	149.5	162.3	172.0	156.1	160.0	147.7	162.9	171.0	162.6	161.1
UNEMPLOYMENT (CPS BASIS)	20.8	21.8	18.3	19.1	20.0	19.7	19.2	17.3	19.4	18.9
UNEMPLOYMENT RATE (PERCENT, CPS BASIS)	12.2	11.8	9.6	10.9	11.1	11.9	10.5	9.2	10.7	10.6
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT										
MINING	5,390	5,782	5,698	5,390	5,563	5,642	5,696	5,584	5,155	5,519
CONTRACT CONSTRUCTION	10,226	12,572	14,817	11,345	12,240	7,461	10,906	13,038	10,636	10,510
MANUFACTURING	8,778	11,922	16,091	9,587	11,595	7,800	11,338	15,669	9,950	11,189
LOGGING & SAWMILLS	903	2,024	2,151	1,656	1,684	971	2,293	2,384	1,803	1,863
PAPER & PULP PRODUCTS	1,168	1,197	1,190	750	1,076	1,066	1,109	1,155	1,126	1,114
MISC FOOD & KINDRED PRODUCTS	4,134	5,862	9,584	4,350	5,983	3,317	5,071	9,260	4,381	5,507
OTHER MANUFACTURING	2,573	2,839	3,166	2,831	2,852	2,446	2,864	2,870	2,640	2,705
TRANS, COMM. & PUBLIC UTILS	15,507	16,542	17,521	15,945	16,379	15,609	16,545	17,219	16,409	16,445
TRUCKING	2,050	2,147	2,257	1,879	2,083	1,813	2,039	2,235	2,109	2,049
WATER TRANSPORTATION	830	1,376	1,359	1,109	1,169	916	1,111	1,233	939	1,062
AIR TRANSPORTATION	4,228	4,431	4,371	4,565	4,524	4,475	4,563	4,811	4,425	4,568
OTHER TRANSPORTATION	3,227	3,067	3,375	2,913	3,146	2,812	3,041	3,099	3,186	3,034
COMMUNICATIONS	3,905	4,023	4,163	4,112	4,052	4,214	4,340	4,339	4,214	4,277
PUBLIC UTILITIES	1,267	1,493	1,496	1,367	1,406	1,379	1,451	1,503	1,487	1,455
WHOLESALE TRADE	5,531	5,743	5,988	5,621	5,721	5,289	5,736	5,849	5,839	5,678
RETAIL TRADE	21,638	23,197	24,243	23,431	23,127	22,879	23,707	24,087	23,489	23,541
FINANCE, INSURANCE, & REAL EST.	8,442	7,966	8,341	8,163	8,228	8,093	7,832	8,189	8,043	8,039
SERVICES	25,905	27,778	29,540	27,299	27,606	27,558	27,598	28,932	27,122	27,803
GOVERNMENT	51,761	53,061	49,427	54,945	52,299	54,886	55,863	51,413	55,536	54,424
FEDERAL	17,501	18,055	18,720	18,256	18,133	17,516	18,006	18,103	18,200	17,956
STATE	13,842	14,275	14,440	14,829	14,347	14,652	15,072	15,022	15,055	14,950
LOCAL	20,418	20,731	16,267	21,860	19,819	22,718	22,784	18,288	22,280	21,518
MISCELLANEOUS EMPLOYMENT	333	493	967	558	588	478	921	1,661	770	957
TOTAL	153,401	165,056	172,633	162,284	163,344	155,695	166,142	171,642	162,949	164,107

FORECAST PERIODS ARE: POPULATION (78:4 TO 81:4)
LABOR FORCE (79:1 TO 81:4)
NONAG EMPLOYMENT (79:2 TO 81:4)

NOTE: PAPER & PULP EMPLOYMENT FOR 1978:4, 1979:1 IS ESTIMATED.

TABLE 1
STATE OF ALASKA
POPULATION, LABOR FORCE, & EMPLOYMENT

POPULATION AND LABOR FORCE (THOUSANDS)

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
POPULATION (TRENDED)	414.5	416.2	418.0	420.8	417.4	422.8	424.7	426.7	429.4	425.9
LABOR FORCE (CPS BASIS)	190.4	199.1	195.0	190.5	188.7	190.4	200.1	206.7	201.2	199.6
EMPLOYMENT (CPS BASIS)	159.1	158.9	177.2	169.9	168.8	167.6	178.4	187.5	179.1	178.1
UNEMPLOYMENT (CPS BASIS)	21.2	20.2	17.9	20.6	20.0	22.8	21.7	19.2	22.2	21.5
UNEMPLOYMENT RATE (PERCENT,CPS BASIS)	11.8	10.7	9.2	10.8	10.6	12.0	10.9	9.3	11.0	10.8

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT

MINING	5,543	6,560	7,238	6,477	6,454	7,161	8,337	9,095	8,075	8,167
CONTRACT CONSTRUCTION	8,973	11,605	14,362	11,256	11,549	9,602	12,330	15,137	11,891	12,240
MANUFACTURING	9,075	11,272	15,803	9,844	11,499	9,088	11,322	16,020	10,025	11,613
LOGGING & SAWMILLS	1,224	1,936	2,004	1,401	1,641	966	1,802	1,968	1,410	1,537
PAPER & PULP PRODUCTS	1,119	1,110	1,159	1,147	1,134	1,167	1,180	1,244	1,235	1,207
MISC FOOD & KINDRED PRODUCTS	4,229	5,314	9,657	4,555	5,939	4,430	5,394	9,788	4,612	6,056
OTHER MANUFACTURING	2,504	2,912	2,983	2,741	2,785	2,524	2,946	3,019	2,768	2,814
TRANS,COMM, & PUBLIC UTILS	15,975	16,934	17,678	16,994	16,895	16,440	17,470	18,294	17,512	17,429
TRUCKING	2,117	2,077	2,269	2,142	2,151	2,144	2,102	2,296	2,163	2,176
WATER TRANSPORTATION	832	1,085	1,257	1,022	1,049	870	1,142	1,333	1,084	1,107
AIR TRANSPORTATION	4,134	4,644	5,027	4,528	4,583	4,357	4,907	5,342	4,773	4,845
OTHER TRANSPORTATION	3,396	3,341	3,227	3,505	3,367	3,466	3,413	3,304	3,579	3,441
COMMUNICATIONS	4,081	4,303	4,364	4,276	4,256	4,158	4,387	4,449	4,359	4,338
PUBLIC UTILITIES	1,415	1,484	1,535	1,520	1,488	1,446	1,517	1,570	1,554	1,522
WHOLESALE TRADE	5,804	5,844	5,940	5,931	5,880	5,877	5,914	6,009	5,991	5,948
RETAIL TRADE	22,780	24,057	25,235	24,779	24,213	23,551	25,377	26,622	26,182	25,433
FINANCE,INSURANCE,& REAL EST.	7,819	8,186	8,619	8,470	8,273	8,191	8,571	9,022	8,871	8,664
SERVICES	26,710	28,749	29,065	27,708	28,058	27,231	29,359	29,743	28,180	28,629
GOVERNMENT	55,385	55,968	52,338	56,197	54,972	56,811	57,755	54,481	57,409	56,614
FEDERAL	18,297	18,376	18,494	18,593	18,445	18,485	18,585	18,684	18,784	18,635
STATE	14,853	15,115	15,192	15,400	15,140	15,284	15,666	16,204	15,847	15,751
LOCAL	22,235	22,457	18,652	22,204	21,387	23,041	23,504	19,593	22,778	22,229
MISCELLANEOUS EMPLOYMENT	577	923	1,664	771	984	577	923	1,664	771	984
TOTAL	159,641	170,098	177,943	168,427	169,777	164,529	177,357	186,098	174,906	175,720

FORECAST PERIODS ARE:POPULATION (78:4 TO 81:4)
LABOR FORCE (79:1 TO 81:4)
NONAG EMPLOYMENT (79:2 TO 81:4)

NOTE:PAPER & PULP EMPLOYMENT FOR 1978:4-1979:1 IS ESTIMATED.

TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME (BILLIONS OF $, SEASONALLY ADJUSTED, ANNUAL RATE)

	1976:1	1976:2	1976:3	1976:4	ANNUAL AVG. 1976	1977:1	1977:2	1977:3	1977:4	ANNUAL AVG. 1977
WAGES & SALARIES	3.689	4.333	4.767	4.327	4.279	4.047	4.029	3.620	3.677	3.843
PLUS: OTHER LABOR INCOME	0.201	0.237	0.275	0.268	0.245	0.266	0.274	0.258	0.268	0.267
PLUS: PROPRIETORS' INCOME	0.161	0.179	0.202	0.204	0.187	0.214	0.232	0.209	0.206	0.215
PLUS: PROPERTY INCOME	0.284	0.306	0.323	0.335	0.312	0.333	0.331	0.333	0.337	0.334
PLUS: TRANSFER PAYMENTS	0.301	0.235	0.298	0.299	0.296	0.304	0.326	0.390	0.359	0.345
PLUS: RESIDENCE ADJUSTMENT	-0.654	-0.965	-1.153	-0.883	-0.914	-0.633	-0.632	-0.330	-0.285	-0.470
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.175	0.207	0.248	0.239	0.217	0.248	0.272	0.255	0.258	0.258
EQUALS: PERSONAL INCOME, RESIDENCE BASIS	3.803	4.168	4.465	4.310	4.187	4.283	4.287	4.225	4.303	4.275

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
FOOD AND BEVERAGES	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ENTERTAINMENT	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
HOUSING	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
TRANSPORTATION	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
MEDICAL CARE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
OTHER GOODS & SVCS	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ALL ITEMS	1.597	1.628	1.659	1.682	1.641	1.705	1.742	1.774	1.782	1.751

AVERAGE HOURLY EARNINGS (DOLLARS, SEASONALLY ADJUSTED)

MINING	12.99	13.42	13.35	14.00	13.44	15.50	15.01	14.65	15.23	15.10
CONTRACT CONSTRUCTION	16.21	16.94	18.23	19.10	17.62	20.16	19.09	18.26	19.44	19.24
MANUFACTURING	7.82	7.68	7.89	8.03	7.85	8.32	8.66	9.35	10.56	9.22
WHOLESALE TRADE	8.12	8.70	9.00	8.33	8.54	8.62	8.83	8.91	8.36	8.68
RETAIL TRADE*	6.65	6.27	6.59	6.67	6.55	6.94	7.17	7.40	7.37	7.22

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1978:1 TO 1979:1.
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (79:2 TO 81:4)
PRICES (79:3 TO 81:4)
EARNINGS (79:2 TO 81:4)

TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME (BILLIONS OF $, SEASONALLY ADJUSTED, ANNUAL RATE)

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
WAGES & SALARIES	3.761	3.565	3.547	3.672	3.636	3.793	3.827	3.959	4.207	3.946
PLUS: OTHER LABOR INCOME	0.280	0.261	0.266	0.268	0.269	0.279	0.299	0.316	0.333	0.307
PLUS: PROPRIETORS' INCOME	0.217	0.205	0.207	0.216	0.211	0.221	0.219	0.223	0.228	0.223
PLUS: PROPERTY INCOME	0.351	0.365	0.382	0.397	0.374	0.415	0.438	0.457	0.479	0.447
PLUS: TRANSFER PAYMENTS	0.333	0.351	0.382	0.369	0.359	0.344	0.357	0.374	0.389	0.366
PLUS: RESIDENCE ADJUSTMENT	-0.232	-0.215	-0.216	-0.219	-0.220	-0.225	-0.227	-0.227	-0.244	-0.231
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.277	0.252	0.251	0.252	0.258	0.275	0.288	0.309	0.329	0.300
EQUALS: PERSONAL INCOME, RESIDENCE BASIS	4.432	4.280	4.316	4.451	4.370	4.553	4.625	4.793	5.063	4.759

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	1.546	1.581	1.594	1.612	1.583	1.578	1.57	1.597	1.620	1.593
FOOD AND BEVERAGES	2.115	2.211	2.248	2.294	2.217	2.385	2.42	2.464	2.509	2.446
ENTERTAINMENT	1.838	1.874	1.885	1.902	1.874	1.903	1.89	1.924	1.953	1.919
HOUSING	1.762	1.791	1.882	1.931	1.841	1.982	2.027	2.057	2.088	2.038
TRANSPORTATION	1.687	1.750	1.792	1.822	1.763	1.844	1.906	2.015	2.087	1.963
MEDICAL CARE	2.237	2.248	2.310	2.352	2.287	2.442	2.491	2.553	2.617	2.525
OTHER GOODS & SVCS	1.758	1.790	1.825	1.855	1.807	1.884	1.917	1.946	1.975	1.931
ALL ITEMS	1.900	1.843	1.909	1.950	1.875	1.996	2.037	2.093	2.133	2.065

AVERAGE HOURLY EARNINGS (DOLLARS, SEASONALLY ADJUSTED)

MINING	15.87	14.60	14.07	15.67	15.05	17.48	15.38	16.67	16.41	16.48
CONTRACT CONSTRUCTION	18.62	17.38	17.38	19.07	18.24	19.01	19.07	18.84	19.07	19.00
MANUFACTURING	9.14	8.81	8.58	8.92	8.86	9.22	10.92	11.43	11.72	10.83
WHOLESALE TRADE	8.38	8.68	8.98	9.06	8.78	9.28	9.51	9.72	9.87	9.59
RETAIL TRADE*	7.05	7.36	7.05	7.56	7.26	7.39	8.26	8.66	8.92	8.31

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1978:1 TO 1979:1.
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (79:2 TO 81:4)
PRICES (79:3 TO 81:4)
EARNINGS (79:2 TO 81:4)

TABLE II
STATE OF ALASKA
INCOME, PRICES, AND WAGES

INCOME (BILLIONS OF $, SEASONALLY ADJUSTED, ANNUAL RATE)

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
WAGES & SALARIES	4.431	4.458	4.544	4.722	4.539	5.069	5.119	5.258	5.397	5.211
PLUS: OTHER LABOR INCOME	0.351	0.362	0.372	0.384	0.367	0.400	0.412	0.424	0.435	0.418
PLUS: PROPRIETORS' INCOME	0.243	0.243	0.252	0.260	0.249	0.273	0.277	0.287	0.296	0.283
PLUS: PROPERTY INCOME	0.550	0.571	0.592	0.616	0.582	0.641	0.667	0.695	0.725	0.682
PLUS: TRANSFER PAYMENTS	0.370	0.381	0.431	0.452	0.409	0.443	0.455	0.514	0.538	0.487
PLUS: RESIDENCE ADJUSTMENT	-0.262	-0.261	-0.263	-0.280	-0.266	-0.298	-0.296	-0.298	-0.313	-0.301
LESS: EMPLOYEE CONTRIBUTIONS SOC INS	0.341	0.359	0.356	0.370	0.357	0.388	0.411	0.410	0.421	0.408
EQUALS: PERSONAL INCOME, RESIDENCE BASIS	5.342	5.394	5.573	5.785	5.524	6.140	6.223	6.470	6.659	6.373

CONSUMER PRICE INDICES-ANCHORAGE (1967=1.000)

APPAREL AND UPKEEP	1.642	1.661	1.681	1.702	1.672	1.725	1.751	1.777	1.805	1.765
FOOD AND BEVERAGES	2.561	2.621	2.683	2.744	2.652	2.800	2.853	2.905	2.957	2.879
ENTERTAINMENT	1.982	2.012	2.042	2.073	2.027	2.104	2.135	2.167	2.200	2.152
HOUSING	2.134	2.181	2.229	2.278	2.205	2.328	2.379	2.431	2.485	2.406
TRANSPORTATION	2.147	2.201	2.259	2.322	2.232	2.388	2.456	2.524	2.594	2.490
MEDICAL CARE	2.682	2.749	2.818	2.888	2.784	2.961	3.035	3.111	3.188	3.074
OTHER GOODS & SVCS	2.005	2.035	2.066	2.096	2.050	2.128	2.160	2.192	2.225	2.176
ALL ITEMS	2.180	2.228	2.277	2.327	2.253	2.379	2.430	2.483	2.536	2.457

AVERAGE HOURLY EARNINGS (DOLLARS, SEASONALLY ADJUSTED)

MINING	17.38	15.93	18.42	17.18	17.23	17.26	16.51	20.40	18.03	18.05
CONTRACT CONSTRUCTION	19.04	19.21	18.86	19.72	19.21	20.77	20.96	20.57	21.48	20.95
MANUFACTURING	11.60	12.50	12.75	13.00	12.46	12.67	13.75	14.05	14.32	13.70
WHOLESALE TRADE	9.99	10.39	10.78	10.82	10.50	10.87	11.22	11.54	11.55	11.29
RETAIL TRADE*	9.30	9.37	9.74	10.00	9.60	10.35	10.52	10.88	11.15	10.73

*EXCEPT EATING & DRINKING PLACES
NA=NOT AVAILABLE
NC=NOT CALCULATED
INCOME DATA ARE PRELIMINARY FOR 1979:1 TO 1979:1.
WAGES & SALARIES INCLUDES MILITARY.
CPI'S ARE FOR ALL URBAN WORKERS

FORECAST PERIODS ARE: INCOME (79:2 TO 81:4)
PRICES (79:3 TO 81:4)
EARNINGS (79:2 TO 81:4)

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1976:1	1976:2	1976:3	1976:4	ANNUAL AVG. 1976	1977:1	1977:2	1977:3	1977:4	ANNUAL AVG. 1977
CASH & DUE FROM BANKS	229.2	219.2	270.5	239.2	239.5	200.1	199.2	204.5	215.6	204.9
SECURITIES	413.5	485.1	510.7	482.6	473.0	466.7	466.6	509.4	478.9	480.4
LOANS & DISCOUNTS	792.6	855.6	913.3	957.4	879.7	981.9	1,051.5	1,122.3	1,148.9	1,076.2
OTHER ASSETS	79.9	81.4	88.6	92.3	85.5	101.3	119.9	120.1	120.4	115.4
TOTAL ASSET	1,515.1	1,641.3	1,783.2	1,771.5	1,677.8	1,750.1	1,837.3	1,956.3	1,963.8	1,876.9
DEMAND DEPOSITS	630.4	727.9	763.0	682.9	701.1	651.2	746.7	774.7	731.4	726.0
TIME DEPOSITS	708.3	709.9	817.4	848.8	771.1	847.9	821.3	901.9	953.0	881.0
OTHER LIABILITIES & CAPITAL	176.4	203.5	202.9	239.8	205.7	251.0	269.3	279.8	279.5	269.9

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS-BEGINNING OF QTR	158.4	168.3	176.7	188.0	173.5	190.7	196.9	217.8	218.7	206.0
NEW SAVINGS RECEIVED	54.3	54.1	54.1	46.9	52.3	55.3	61.8	71.9	50.5	59.9
WITHDRAWALS	46.4	47.9	48.9	46.5	47.4	51.1	53.3	56.9	56.7	54.5
CHANGE IN MORTGAGE PORTFOLIO	1.6	11.9	11.0	3.5	7.0	3.5	10.8	11.7	7.3	8.3
NEW LENDING	10.8	23.0	23.4	25.3	20.6	17.5	27.4	32.4	32.5	27.5
CONV MORTGAGE RATE (%)-SEATTLE	9.3	9.2	9.3	9.4	9.4	9.2	9.1	9.2	9.4	9.2

THE FORECAST PERIOD IS 1979:3 TO 1981:4.
ONLY FEDERALLY CHARTERED S&LS ARE INCLUDED IN DATA.

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1978:1	1978:2	1978:3	1978:4	ANNUAL AVG. 1978	1979:1	1979:2	1979:3	1979:4	ANNUAL AVG. 1979
CASH & DUE FROM BANKS	213.7	248.3	275.0	249.8	246.7	228.7	228.0	256.5	254.7	242.0
SECURITIES	437.3	465.2	508.9	514.0	481.4	500.1	581.6	613.1	597.1	573.0
LOANS & DISCOUNTS	1,170.3	1,244.3	1,286.0	1,242.2	1,235.7	1,222.7	1,266.0	1,344.3	1,340.2	1,293.3
OTHER ASSETS	130.3	131.8	128.0	127.0	129.3	130.1	134.7	137.3	139.8	135.5
TOTAL ASSETS	1,951.5	2,089.7	2,198.0	2,133.1	2,093.1	2,081.6	2,210.2	2,351.2	2,331.7	2,243.7
DEMAND DEPOSITS	666.8	733.6	788.5	709.3	724.5	666.2	707.5	800.1	762.9	734.2
TIME DEPOSITS	973.2	1,017.5	1,069.6	1,038.0	1,024.6	1,022.2	1,083.6	1,153.9	1,181.7	1,110.4
OTHER LIABILITIES & CAPITAL	311.6	338.6	339.9	385.8	344.0	393.2	419.1	397.2	387.1	399.2

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS,BEGINNING OF QRTR	216.6	216.3	212.4	219.9	216.3	212.9	211.4	228.9	234.1	221.8
NEW SAVINGS RECEIVED	41.5	63.4	75.6	54.0	58.6	62.1	75.2	71.3	63.9	68.1
WITHDRAWALS	49.9	61.8	72.1	65.3	62.3	64.3	67.0	69.7	73.2	68.5
CHANGE IN MORTGAGE PORTFOLIOS	-1.8	14.0	-5.6	-2.6	1.0	-4.8	4.6	26.9	1.5	7.1
NEW LENDING	16.4	33.6	26.6	26.5	26.3	15.4	22.6	25.0	29.8	23.2
CONV MORTGAGE RATE (%)-SEATTLE	9.5	9.7	10.0	10.2	9.8	10.6	10.7	11.0	11.3	10.9

THE FORECAST PERIOD IS 1979:3 TO 1981:4.
ONLY FEDERALLY CHARTERED S&L'S ARE INCLUDED IN DATA.

TABLE III
STATE OF ALASKA
SELECTED FINANCIAL BALANCES & FLOWS
(MILLIONS OF DOLLARS)

COMMERCIAL & MUTUAL SAVINGS BANKS

	1980:1	1980:2	1980:3	1980:4	ANNUAL AVG. 1980	1981:1	1981:2	1981:3	1981:4	ANNUAL AVG. 1981
CASH & DUE FROM BANKS	249.2	265.1	320.2	310.2	293.9	289.8	317.8	382.3	366.8	339.2
SECURITIES	628.2	660.4	703.3	684.8	669.2	698.3	722.3	776.3	740.0	734.2
LOANS & DISCOUNTS	1,329.3	1,399.5	1,481.2	1,462.9	1,418.2	1,473.3	1,554.8	1,626.1	1,604.5	1,564.7
OTHER ASSETS	143.7	145.2	151.0	154.5	148.6	160.6	161.0	164.2	168.1	163.5
TOTAL ASSETS	2,341.4	2,470.2	2,655.7	2,612.4	2,519.9	2,622.0	2,755.8	2,949.0	2,879.3	2,801.5
DEMAND DEPOSITS	750.4	861.3	928.9	872.7	853.3	854.6	980.6	1,059.0	991.7	971.5
TIME DEPOSITS	1,271.1	1,185.6	1,296.4	1,323.3	1,269.1	1,324.3	1,301.1	1,406.4	1,416.0	1,362.0
OTHER LIABILITIES & CAPITAL	319.9	423.3	430.4	416.5	417.5	443.1	474.2	483.5	471.5	468.1

SAVINGS & LOAN ASSOCIATIONS

DEPOSITS-BEGINNING OF QTR	228.4	234.3	239.0	251.0	238.3	248.2	257.3	262.5	275.2	260.8
NEW SAVINGS RECEIVED	75.6	73.4	78.5	69.2	74.2	82.9	80.5	86.7	75.4	81.4
WITHDRAWALS	72.4	72.6	70.2	75.8	72.9	77.6	74.4	79.1	85.0	80.0
CHANGE IN MORTGAGE PORTFOLIOS	0.3	3.8	3.3	6.0	4.8	-3.9	12.1	6.3	6.3	5.2
NEW LENDING	19.1	28.1	32.9	37.4	28.4	21.0	35.5	40.2	43.5	35.1
CONV MORTGAGE RT (%)-SEATTLE	10.8	10.6	10.4	10.3	10.5	10.3	10.1	10.1	10.1	10.1

THE FORECAST PERIOD IS 1979:3 TO 1981:4.
ONLY FEDERALLY CHARTERED S&L'S ARE INCLUDED IN DATA.

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